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recommends the 13 percent income tax will automatically raise the corporate tax from 2 1/2 to 3 1/4 percent, as the statute provides. This will automatically raise the corporation tax. Our committee did look at this bill quite seriously. Fully realizing that we could possibly be in a position of tight money, and need to look for other areas, the committee did favorably advance the bill for your consideration. I wanted to make the point clear that this bill, if it is turned down, will not keep the corporations from paying an increase if the Governor's bill, 589, is approved. The income or corporate tax will be raised automatically to 3 1/4. Thank you.

PRESIDENT: Senator Dworak.

SENATOR DWORAK: Mr. President, Senators, I sat in the Revenue Committee and voted this out of the committee. Again, I think it was at a time prior to the Governor's income tax bill. It was a time prior to the federal government giving tax incentives to corporations to keep them going. The economy . . . we looked at the quarterly corporate deposits, as far as tax deposits, we see a worsening corporate picture. At this point I think it's probably a poor time to increase the corporate income tax on a graduated basis in the State of Nebraska. I think we need the jobs now in Nebraska. I also think we need to encourage all the industry . . . give industry all the encouragement we can to relocate and locate in Nebraska. I would hope that we would not consider this matter this year.

PRESIDENT: Senator Dickinson.

SENATOR DICKINSON: Mr. President, members of the body, could I ask Senator Keyes to yield to a question?

SENATOR KEYES: Yes Senator Dickinson.

SENATOR DICKINSON: I just started to look at your amendment Senator. This is the bill then, Senator Keyes, is that right?

SENATOR KEYES: The amendments come . . .

SENATOR DICKINSON: On what basis do you justify the graduated tax on corporations? I'll tell you the point I'm getting at. Is there a specific reason for justifying a graduated tax?

SENATOR KEYES: Yes, a private individual has the graduated income tax. I see no reason why we should treat corporations differently.

SENATOR DICKINSON: Ok, that's what I expected you to say and wanted you to say. Opposed to a private individual, a private individual makes \$10,000 he can't afford to pay too much tax. If he makes \$50,000 he obviously can afford to pay more tax. We could very well have a corporation where all the stock is owned by one individual. An individual makes \$10,000 is taxed at a low rate. That individual, or two or whatever, has still made \$10,000. So you have a corporation that makes \$250,000 but they have 500 shareholders. So that corporation has to pay double the rate so each shareholder gets half the income from his investment. It appears to me that there is no parallel and no proper comparison to compare it with . . . the graduated federal and state personal